

D.P.U. 94-8D

Application of Western Massachusetts Electric Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 896, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of December 1994, January and February 1995; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of §§ 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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APPEARANCES:     Stephen Klionsky, Esq.  
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                         Boston, Massachusetts 02110

                         FOR: WESTERN MASSACHUSETTS ELECTRIC COMPANY  
                         Petitioner

                         L. Scott Harshbarger, Attorney General  
By:     Joseph Rogers  
                         Assistant Attorney General  
                         131 Tremont St.  
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                         Intervenor

## I. INTRODUCTION

On November 1, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a proposed quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 896, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 586. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of December 1994, and January and February 1995. This matter was docketed as D.P.U. 94-8D.

Pursuant to notice duly issued, a public hearing on the Company's application was held on November 17, 1994 at the Department's offices in Boston. Notice of the hearing was published in the Springfield Daily News, the Greenfield Recorder Gazette, the Berkshire Eagle, and the Daily Hampshire Gazette. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. The Attorney General of the Commonwealth ("Attorney General") intervened pursuant to G.L. c. 12, § 11E. No other petitions for leave to intervene were filed.

At the hearing, the Company sponsored one witness, Robert A. Baumann, manager of fuel accounting and recovery for Northeast Utilities Service Company ("NUSCo"). The evidentiary record consists of two Company exhibits and two responses to record requests.

The Company is a wholly-owned subsidiary of Northeast Utilities ("NU") of Hartford,

Connecticut, a public utility holding company. WMECo and three other wholly owned subsidiaries, The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Holyoke Water Power Company, provide electric service in Western Massachusetts, Connecticut and New Hampshire.

Other wholly-owned subsidiaries of NU provide support services for NU companies, and in some cases, for other New England utilities. NUSCo provides engineering, technical, and other services to NU system companies. Northeast Nuclear Energy Company ("NNECo") acts as agent for the NU system companies and other New England utilities in operating nuclear generating facilities in Connecticut. North Atlantic Energy Service Corporation ("NAESCO") acts as agent for NU companies and other New England utilities in operating Seabrook. Two other subsidiaries, Rocky River Realty Company and Quinnehtuk Company are involved in real estate matters. NU has two other principal subsidiaries, Charter Oak Energy, Inc. and HEC Inc., which have non-utility businesses.

WMECo receives some of its power requirements pursuant to contractual rights from utilities both within and without the NU system. In addition, WMECo owns nine generating units. WMECo is engaged in the generation, transmission, and distribution of electric power to serve, on average during 1993, 192,542 customers in its service territory, which includes over 50 cities and towns in Western Massachusetts. WMECo's total sales to ultimate customers, as shown in its 1993 financial report provided to the Department, were \$371,713,445.

## II. FUEL CHARGE

On November 10, 1994, the Company filed with the Department its proposed changes to

its fuel charge and QF power purchase rates for December 1994, and January and February 1995. For these billing months, the Company proposes a fuel charge of \$0.01053 per kilowatthour ("KWH")<sup>1</sup>. The proposed fuel charge is \$0.00252 per KWH less than the fuel charge of \$0.01305 per KWH approved by the Department in Western Massachusetts Electric Company, D.P.U. 94-8C (1994) for meter readings for the billing months of September, October, and November 1994.

According to the Company, the proposed decrease in the fuel charge rate is primarily the result of an overrecovery of \$952,000 in the reconciliation of revenues to expenses from September 1994 through November 1994 (Exh. WM-2, at 1). The overrecovery in the reconciliation amount resulted from: (1) a larger contribution from the low-cost nuclear units than was forecasted, and (2) lower fuel prices than were forecasted (id.). Mr. Baumann testified that the Company's nuclear units, Millstone 1, Millstone 3 and Connecticut Yankee ran the entire billing period at or near full power (Tr. at 11).<sup>2</sup> Also, Mr. Baumann stated that oil prices had stabilized and the actual price of gas was lower than forecasted (id. at 8).

Lastly, partially offsetting the proposed decrease in the fuel charge rate is an increase in energy costs for the forecasted quarter resulting from an expected increase in sales, because of the winter load (id.). Mr. Baumann stated that this is forecasted to cause the Company to run more

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<sup>1</sup> The fuel adjustment clause of \$0.01061 per KWH as proposed in its November 10, 1994 filing (Exh. WM-1), was subsequently revised on November 17, 1994 to \$0.01053 per KWH (Exh. WM-2).

<sup>2</sup> Millstone 2 has been down since October 1994 for a scheduled refueling outage (Exh. WM-1, at 60; Tr. at 11). The Company expects this outage to end by the end of December 1994 (Tr. at 12). Connecticut Yankee is scheduled to go into a refueling outage at the end of January 1995 (Exh. WM-1, at 60; Tr. at 13).

of its higher priced fossil units which will, in turn, drive up the Company's overall average costs of fuel and thus the fuel charge rate (id. at 8-9, 15). However, according to the witness, the overall fuel charge rate has gone down because of the factors noted above (id. at 9).

### III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during December 1994, and January and February 1995:

Energy Rates By Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Transmission	2.760	2.283	2.509
Bulk Substation	2.774	2.290	2.519
Service at Primary Distribution From:			
23 kV	2.834	2.326	2.564
13.8 kV	2.867	2.344	2.591
4.8/8.3 kV	3.055	2.430	2.721
Service at Secondary Distribution From:			
23 kV Primary	2.908	2.365	2.618
13.8 kV	2.943	2.383	2.646
4.8/8.3 kV	3.134	2.469	2.778

Exhibit WM-1, at 103.

The short-run capacity rate proposed for this quarter is zero (id.).

#### IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of December 1994, and January and February 1995, shall be \$0.01053 per KWH (the calculation of the fuel charge is shown in Table 1 attached to this Order);

2. that the QF power purchase rates for December 1994, and January and February 1995 shall be the rates set forth in Section III, above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Western Massachusetts Electric Company is authorized to put into effect a quarterly fuel charge of \$0.01053 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of December 1994, and January and February 1995, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of December 1994, and January and February 1995 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges; and it is

FURTHER ORDERED: That the Company shall comply with all other directives contained herein.

By Order of the Department,

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Kenneth Gordon, Chairman

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Mary Clark Webster, Commissioner



Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).